

# City of Detroit

## CITY COUNCIL

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TO: Cherukuri Sreenivas, Chief Information Officer  
Information Technology Services

FROM: Irvin Corley, Jr., Fiscal Analysis Director **ly.**

DATE: May 5, 2008

RE: 2008-2009 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, May 7, 2008 at 2:30 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Norman White, Chief Financial Officer  
Pamela Scales, Budget Department Director  
Ervin Stewart, Budget Department Team Leader  
Kerwin Wimberly, Mayor's Office

## Information Technology Services (31)

### FY 2008-09 Budget Analysis by the Fiscal Analysis Division

#### Summary

The Information Technology Services Department (ITS) is a General Fund agency. The recommended 2008-09 budget is \$24.85 million, which is \$1.48 million (6.36%) more than the current year's budget. The department's net tax cost recommended for next year is \$24.62 million, \$2.57 million (11.68%) more than the current fiscal year's net tax cost.

#### 2007-08 Surplus/(Deficit)

The Administration anticipates an overall deficit of \$962,000 due primarily to a \$1million revenue deficit based on poor collections from other departments, offset by an appropriation surplus of \$38,000.

#### Overtime

The overtime budget for the current fiscal year is \$216,406. Through March 31, 2008, the department has spent \$303,541 (**140.26%**) of its current overtime budget.

The recommended overtime budget for 2008-09 is, \$216,406, the same as the current fiscal year.

#### Personnel and Turnover Savings

The Mayor recommends a net reduction of one (1) position, which involves the transferring of one position from Dedicated Services to the Planning and Development Department.

The Mayor recommends no turnover savings in 2008-09.

Following is information by appropriation comparing current FY 2007-08 filled positions, and FY 2008-09 recommended positions, as of March 31, 2008.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2007-08</u>	<u>Filled Positions 3/31/2008</u>	<u>Mayor's Budget Positions FY 2008-09</u>	<u>Over/(Under) Actual to 07/08 Budget</u>	<u>Mayor's Recommended Turnover</u>
<b>Information &amp; Tech. Services (31):</b>					
310010 Ofc. Of Info. Tech. Svcs.	3	3	3	0	\$ -
310020 Contracts & Administration	6	4	6	(2)	\$ -
310035 Enterprise Application Support Team	5	2	6	(3)	\$ -
310050 Client Support Services	0	1	4	1	\$ -
310070 System Support & Mgmt.	9	8	8	(1)	\$ -
310080 Data Network Services	5	4	5	(1)	\$ -
310100 Non-Financial Applications	25	22	21	(3)	\$ -
310110 Financial Applications	0	0	0	0	\$ -
310130 Operations	22	15	22	(7)	\$ -

310300 Public Safety	20	20	20	0	\$	-
310335 Publishing Services	8	10	8	2	\$	-
310355 Dedicated Services	8	9	7	1	\$	-
<b>00024 Central Data Processing</b>	<b>111</b>	<b>98</b>	<b>110</b>	<b>(13)</b>	<b>\$</b>	<b>-</b>
<b>11827 Publishing Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$</b>	<b>-</b>
<b>11828 Mailroom &amp; Delivery</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$</b>	<b>-</b>
31XXXX Leave of Absence	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$</u>	<u>-</u>
<b>TOTAL</b>	<b><u>111</u></b>	<b><u>98</u></b>	<b><u>110</u></b>	<b><u>(13)</u></b>	<b><u>\$</u></b>	<b><u>-</u></b>

#### Significant Funding by Appropriation

##### Appro.      Program

00024      Central Data Processing      This appropriation increases by \$1.48 million, due primarily to the following Cost Center items 0010 - 0355:

##### Cost Center      Description

0010	Office of Information Technology Services	This decreases by \$230,499 in the 2008-09 FY.
0020	Contracts & Administration	This decreases by \$191,491 in 2008-09 FY.
0035	Enterprise Application Support Team	This cost center increases by \$59,513 in 2008-09. This is due primarily to the addition of 1 position and its corresponding salaries and benefits costs.
0050	Client Support Services	This Cost Center of \$1,026,016 and four FTE's, is restored from two years ago.
0070	System Support & Management	This increases slightly by \$65,188 and is also reduced by one FTE.
0080	Data Network Services	This Cost Center increases by \$446,934.
0100	Non-Financial Applications	Cost Center decreases by \$388,519 due primarily to a decrease in salaries & employee benefit costs associated with the loss of 4 positions.
0130	Operations	Cost Center increases by \$622,729.
0300	Public Safety	Cost Center of \$3 million is reduced by \$133,075 in the 2008-09 proposed budget.

0330	Voice Communications	Cost Center of \$27,049, solely for Telecommunications costs, is reduced to zero and eliminated from the 2008-09 proposed budget, which appears to be consistent with the department's request.
0335	Publishing Services	Cost Center increases by \$251,356 in the 2008-09 proposed budget.
0355	Dedicated Services	Cost Center decreases by \$14,170.

#### Information Technology Services (31)

Budgeted Professional and Contractual Services by Activity	FY 2007-08 Budget	FY 2008-09 Recommended	Increase (Decrease)
Computer Operations	\$ 2,032,574	\$ 2,716,574	\$ 684,000
<b>Total</b>	<b>\$ 2,032,574</b>	<b>\$ 2,716,574</b>	<b>\$ 684,000</b>

Professional and Contractual Services increase by \$684,000 (33.65%) in 2008-09.

#### Significant Revenue Changes by Appropriation and Source

<u>Appro.</u>	<u>Program</u>	
00024	Central Data Processing	Revenue decreases by \$1,088,457 (82%) due primarily to reductions in revenue from other City departments and a \$310,000 decrease in Miscellaneous Receipts-Postage revenue in 2008-09 FY.

#### Issues and Questions

**Pg. 31-2: Implement Finance Treasury and Cash Management Oracle Modules**, is one of the goals of ITS

- Fiscal Analysis is currently reviewing this proposal. What role has ITS taken and will take in the implementation of this module?

**Pg. 31-2: One of the stated goals of the department is to Improve Help Desk Services.**

- Is the restoration of the Client Support Services section a part of this initiative?
- **The current mainframe platform is due to retire within the next three to five years.**

There are currently 13 vacancies in **Central Data Processing**, the same as this time last year.

- What are the department's plans in regard to filling these 13 vacant positions?

- What would be the impact on the department of not filling these positions?
- The following is a historical view of the Information Technology Services Department's budget:

<u>Fiscal Year</u>	<u>Budget Amount</u>	<u>Growth Percentage</u>
1995-96	\$18.5 million	
1996-97	<b>\$23.3 million</b>	<b>25.9%</b>
1997-98	<b>\$31.9 million</b>	<b>36.9%</b>
1998-99	<b>\$40.1 million</b>	<b>25.7%</b>
1999-00	<b>\$47.6 million</b>	<b>18.7%</b>
2000-01	\$40.2 million	(15.5%) decrease
2001-02	<b>\$47.3 million</b>	<b>17.7% increase</b>
2002-03	\$39.8 million	(15.9%) decrease
2003-04	\$35.3 million	(11.4%) decrease
2004-05	\$29.2 million	(17.3%) decrease
2005-06	\$23.9 million	(18%) decrease
2006-07	\$21.2 million	(12%) decrease
2007-08	<b>\$23.1 million</b>	<b>12% increase</b>
2008-09 (proposed)	<b>\$24.8 million</b>	<b>6% increase</b>

Why has overtime through March 31<sup>st</sup> far exceeded budgeted levels for the current fiscal year?

Please explain the increase of \$684,000 in contractual services for 2008-09.

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